

**STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES**

Before the Commissioner of the Office of Financial and Insurance Services

In the matter of:

**Linda McDermott
8039 Locklin
Commerce Township, MI 48382**

Enforcement Case No. 07-5436

**Patrick McDermott
8039 Locklin
Commerce Township, MI 48382**

Respondents

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Issued and entered,
on 27 December 2007
by Frances K. Wallace,
Chief Deputy Commissioner

CONSENT ORDER

**I.
BACKGROUND**

First Credit Funding LLC dba First Credit Funding (Applicant) is a Michigan domiciled limited liability company, organized under the laws of the State of Michigan, that has made application for licensure as a mortgage servicer under the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), Act No. 173 of 1987, as amended, MCL 445.1651 *et seq.* Linda McDermott is the sole member of the Applicant. Linda McDermott and Patrick McDermott (Respondents) are not presently licensed by the Office of Financial and Insurance Services ("OFIS") pursuant to the MBLSLA or any other consumer finance statute regulated by

OFIS. In reviewing the Applicant’s application, OFIS staff determined that Respondents were already conducting mortgage-related activities, which require licensure as a mortgage servicer under the MBLSLA. Respondents and OFIS staff have conferred and have agreed to resolve this matter according to the terms set forth below.

**II.
FINDINGS OF FACT AND CONCLUSIONS OF LAW**

1. Respondents are not licensed mortgage servicers under the MBLSLA. However, Respondents engaged in the servicing of mortgage loans from 2003-2007.

2. Respondents purchased closed mortgage loans for personal investment purposes from Royal Mortgage, Inc. and Lake Shore Mortgage Company of Michigan Inc. Respondents acted as mortgage servicers by servicing the foregoing mortgage loans.

3. The following is the number of loans serviced by Respondents from July 1 to June 30 during the years indicated below:

| <u>Year</u> | <u>Loans Serviced</u> |
|-------------|-----------------------|
| 2003-2004 | 11 |
| 2004-2005 | 32 |
| 2005-2006 | 31 |
| 2006-2007 | 20 |

3. Upon learning that a license may be required to service their investments, Respondents transferred the servicing of most of their loans to Royal Mortgage, Inc. The Applicant was subsequently created to obtain a license to service loans owned by Respondents.

4. Section 25(h) of the MBLSLA permits a mortgage servicer in the aggregate with any affiliates to service 10 or fewer mortgage loans in a 12-month period from July 1 to June 30.

5. Section 2(1) of the MBLSLA prohibits a person from acting as a mortgage broker, mortgage lender, or mortgage servicer without first obtaining a license or registration.

6. Based on the forgoing, Respondents conducted business as mortgage servicers without the requisite license or registration certificate required under Section 2 of the MBLSLA.

III. ORDER

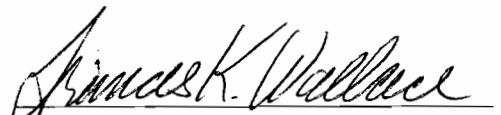
It is ORDERED that:

1. Respondents shall cease and desist violating Section 2 of the MBLSLA.
2. Linda McDermott, as the sole member of First Credit Funding LLC dba First Credit Funding, shall establish and maintain a program to monitor and ensure compliance with all state and federal consumer laws and regulations relating to all mortgage activity conducted by First Credit Funding LLC dba First Credit Funding.
3. Linda McDermott, as the sole member of First Credit Funding LLC dba First Credit Funding, shall educate herself and all employees of First Credit Funding LLC dba First Credit Funding with respect to all state and federal consumer laws and regulations, including the MBLSLA.
4. Linda McDermott shall review and ensure that First Credit Funding LLC dba First Credit Funding complies with the OFIS Consumer Finance Bulletin No. 2003-09-CF, posted on the OFIS website, which clarifies OFIS's position on employees and branch offices in Michigan.
5. Linda McDermott, as the sole member of First Credit Funding LLC dba First Credit Funding, shall immediately designate a compliance officer for First Credit Funding LLC dba First Credit Funding, and provide written notification to OFIS of the compliance officer's name and business address, to ensure that First Credit Funding LLC dba First Credit Funding is in compliance with all applicable state and federal laws. Linda McDermott, as the sole member of

First Credit Funding LLC dba First Credit Funding, shall notify OFIS of any change in designation of the compliance officer within 30 days of such re-designation.

The Chief Deputy Commissioner retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as she shall deem just, necessary, and appropriate in accordance with the provisions of the MBLSLA. Failure by Linda McDermott, Patrick McDermott, and First Credit Funding LLC dba First Credit Funding to abide by the terms and provisions of this Order may result in the commencement of additional proceedings.

Dated: 27 December 2007


Frances K. Wallace
Chief Deputy Commissioner